

WASHINGTON, DC— Rep. Peter DeFazio (D-OR) was pleased today that President Obama announced that he will support a one-time, \$250 payment to Social Security beneficiaries. The payment was introduced by DeFazio and Sen. Sander (I-VT) last month as part of the Emergency Senior Citizens Relief Act. Without the payment, 50 million seniors will see their Social Security stagnate because – for the first time since 1975 – there will be no cost-of-living adjustment (COLA) next year.

“It is absurd that seniors would be denied a Cost of Living adjustment next year. The cost of many things seniors have to buy—especially Medicare and prescription drugs—have gone up dramatically. Last month, I introduced legislation to give beneficiaries a one-time, \$250 payment, which would equate to about a 2% COLA. I am pleased that today the President of the United States has decided to support this payment,” DeFazio said.

Though President Obama supports the DeFazio-Sanders payment, he wants to borrow the money to compensate for it. DeFazio and Sanders would like to instead change the tax structure to make the plan deficit neutral. Today, DeFazio reintroduced the Emergency Senior Citizens Relief Act in the House so that it now subjects income over \$1,290,000 to the Social Security payroll tax (FICA). This ensures the \$250 payment to our seniors is not paid for on the backs of future generations.

“It is not too much to ask that those who are the wealthiest among us pay the same rate of tax as average working Americans so our seniors can have a much needed cost of living adjustment next year. Though I welcome the Presidents support of the \$250 payment and I look forward to working with him but, I don’t want us to borrow the money to provide this payment,” DeFazio said.

Without action, Social Security monthly benefits would drop because the cost of Medicare prescription drug premiums, which are deducted from Social Security payments, are scheduled to increase. The Social Security COLA is calculated based on the consumer price index (CPI) and because of the economic downturn the CPI will not trigger a COLA increase next year. Nearly 70 percent of beneficiaries depend on Social Security for at least half of their income, and Social Security is the sole source of income for 15 percent of recipients.